

Message Text

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PAGE 01 BUENOS 04371 302044Z

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PM-03 H-02 L-03 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIE-00 INRE-00 NSCE-00 SSO-00

ARAE-00 /062 W

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 1681

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E.O. 11652: N/A

TAGS: ELAB, PINT, AR

SUBJ: ORGANIZED LABOR AT CROSSROADS

SUMMARY: LABOR LEADERS ARE CAUGHT IN CROSSFIRE BETWEEN RANK AND FILE AND PERONIST VERTICALITY AS DECLARED BY MRS. PERON. SHOWDOWN APPEARS NEAR AS LABOR LEADERS MUST DECIDE TODAY WHETHER TO CHALLENGE MRS. PERON OR ABDICATE THEIR RESPONSIBILITIES - AND EVENTUALLY POSITIONS - AS LABOR LEADERS. WHILE ACCEPTABLE COMPROMISE IS STILL POSSIBLE, IT APPEARS UNLIKELY. THEREFORE, LABOR LEADERS ARE AT FINAL CROSSROADS. THEY CAN RESIGN OR BE FORCED FROM OFFICE BY REBELLIOUS RANK AND FILE, OR CHALLENGE THE PRESIDENT THROUGH DIRECT ACTIONS. THE LATTER APPEARS THE MOST LIKELY COURSE OF EVENTS IN THE NEXT FEW DAYS. END SUMMARY.

1. PRESIDENT PERON'S AND LOPEZ REGA'S LATEST MOVE AGAINST LABOR HAS PLACED THE CURRENT LABOR LEADERSHIP AT THE CROSSROADS. IT MUST EITHER CHALLENGE HER AUTHORITY, THEREBY EFFECTIVELY SCRAPPING THE PERONIST CONCEPT OF VERTICALITY OF COMMAND, OR ACCEPT HER DECISION ON WAGES (OR SOME STILL TO BE ARRANGED COMPROMISE). IN THE LATTER CASE, WHAT LITTLE CONTROL THE LEADERS HAD OVER THE RANK AND FILE WILL RAPIDLY DISAPPEAR. THE RANK AND FILE ARE IN AN UGLY MOOD AND ARE NOT LIKELY TO

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PAGE 02 BUENOS 04371 302044Z

MAINTAIN FOR MUCH LONGER A LEADERSHIP WHICH CANNOT PREVAIL ON

SUCH AN IMPORTANT ISSUE. ALL PREVIOUS MAJOR LABOR/GOA CONFRONTATIONS INVOLVED POWER PLAYS OVER ISSUES BASICALLY OUTSIDE THE PURVIEW OF LABOR; THIS ISSUE IS ONE CRUCIAL TO AND FULLY WITHIN ITS PURVIEW. THUS, THE CURRENT LEADERSHIP HAS NO ACCEPTABLE WAY OUT IF MRS. PERON REFUSES TO ACCEPT A SATISFACTORY COMPROMISE. SHE HAS CALLED FOR ANOTHER MEETING WITH THE CGT AT 5 PM TODAY JUNE 30 AT WHICH TIME ANOTHER OFFER - OR INSTRUCTIONS - WILL PROBABLY BE REVEALED, SO SOME COMPROMISE IS STILL POSSIBLE, THOUGH NOT LIKELY.

2. THE ISSUE SHOULD COME TO A HEAD TODAY. THE CGT AND 62 ORGANIZATIONS EXECUTIVE COMMITTEES BEGAN MEETING AT 10 AM TO ADOPT POSITION TO TAKE VIS-A-VIS MRS. PERON'S WAGE DECISION. A FURTHER MEETING WITH SECRETARIES GENERAL OF AFFILIATED UNIONS, THE JSP AND LABOR LEGISLATORS IS SCHEDULED FOR 5 PM BUT MAY HAVE TO BE POSTPONED BECAUSE OF PRESIDENT'S CALL FOR MEETING AT SAME TIME. CGT HEADQUARTERS IS RINGED WITH SEVERAL THOUSAND WORKERS WHOSE PRESENCE WILL UNDOUBTEDLY PUT PRESSURE ON LEADERS TO DECIDE IN FAVOR OF CHALLENGING MRS. PERON'S DECISION. ALSO, GENERAL STRIKES IN CORDOBA, MENDOZA, AND TUCUMAN HAVE BEEN JOINTLY CALLED BY LOCAL CGTS AND 62 ORGANIZATION. WILDCAT WORK STOPPAGES ARE ALSO OCCURRING IN BUENOS AIRES.

3. LORENZO MIGUEL AND CASILDO HERREAS HAVE NOT YET PERSONALLY PARTICIPATED IN CRISIS. BOTH WERE IN EUROPE WHEN LATEST BOMBSHELL EXPLODED AND THEIR PRESENT WHEREABOUTS IS BEING HELD SECRET. PRESUMABLY, THEY ENTERED THE COUNTRY, POSSIBLY SECRETLY FROM MONTEVIDEO, AND ARE INVOLVED IN MEETING; HOWEVER, NEITHER EMBASSY NOR PRESS SOURCES HAVE BEEN ABLE TO CONFIRM THEIR PRESENCE.

4. OPTIONS OPEN TO LEADERSHIP, UNLESS 5 PM MEETING WITH MRS. PERON RESOLVES ISSUE SATISFACTORILY, APPEAR LIMITED TO DIRECT ACTIONS (STRIKES, ETC.), BYPASSING MRS. PERON AND ASKING CONGRESS TO LEGALIZE CONTRACTS, RESIGNING RATHER THAN ACCEPT DECISION, OR CALLING FOR ADDITIONAL DIALOGUE AND COMPROMISE. THE FIRST TWO OPTIONS CARRY WITH THEM SERIOUS DANGER TO STABILITY OF PERONIST MOVEMENT AND GOVT, WHILE LATTER TWO PROBABLY SIGNIFY INCREASED RANK AND FILE TURMOIL IN REPUDIATION OF LEADERSHIP. IN THE LATTER EVENT LOPEZ REGA COULD PROBABLY MAKE USE OF SOME OF HIS LIMITED OFFICIAL USE

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PAGE 03 BUENOS 04371 302044Z

"BOUGHT" LABOR LEADERS, BOTH WITHIN AND WITHOUT THE CGT, TO RESTRUCTURE THE LABOR MOVEMENT MORE TO HIS LIKING, IF HE AND MRS. PERON COULD SURVIVE THE WORKER REACTION. THAT THEY COULD IS BY NO MEANS CERTAIN.

5. DEPENDING ON MRS. PERON'S 5 PM MEETING WITH CGT, IT APPEARS THAT LABOR LEADERS HAVE NO REAL ALTERNATIVE BUT TO CHALLENGE PRESIDENTIAL DECISION, WHICH MAY BRING ABOUT GOA ATTEMPT TO

INTERVENE CGT AND UNIONS. ONE INVOLVED LABOR LEADER TOLD LABATT AT MIDDAY THAT THEY HAD TO PROVE THEY WERE WORTHY OF BEING CALLED LABOR LEADERS, AND THAT THEY WERE READY TO GO DOWN WITH THE SHIP IF NECESSARY TO PROVE IT. HOWEVER, TO CHALLENGE MRS. PERON IS TO CHALLENGE THE BASIC TENENTS OF PERONISM, AND NOT ALL LABOR LEADERS WILL BE WILLING TO MAKE THAT FINAL BREAK. THEREFORE, THE FINAL OUTCOME IS STILL TO BE DETERMINED. REGARDLESS OF THAT OUTCOME, LABOR RELATIONS WITH MRS. PERON'S GOVT HAVE BEEN IRREPARABLY DAMAGED.

6. AS TELEGRAM WAS TYPED, EMBASSY RECEIVED REPORT THAT 5 PM MEETING WITH MRS. PERON WAS TO ADVISE CGT OF HER DECISION TO INTERVENE CGT. IF TRUE, WE ANTICIPATE LABOR GENERAL STRIKE.
MONTLLOR

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